

Undergraduate Research Journal

Volume 22

Article 11

2018

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Recommended Citation

Schultis, Jessa (2018) "The Rise of Eco-Tourism in Costa Rica and its Effects," *Undergraduate Research Journal*: Vol. 22 , Article 11.
Available at: <https://openspaces.unk.edu/undergraduate-research-journal/vol22/iss1/11>

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The Rise of Eco-Tourism in Costa Rica and its Effects

Jessa Schultis

The Costa Rica Tourism Board's website is covered with pictures of the beautiful landscapes Costa Rica is known for. It advertises activities such as horseback riding, hiking in forests, and guided bird watching tours under the impressive "eco-tourism" section of its website ("Essential Costa Rica"). Costa Rica is often considered a "successful" Latin American country, with relatively low levels of poverty and violence, a high GDP, and one of the highest Human Development Indexes (HDI) in Latin America. Costa Rica currently has a booming eco-tourism industry important to the Costa Rican economy. The environment in Costa Rica is not only a source of beauty and "*pura vida*," but is also a large part of the Costa Rican economy due to industries like tourism, pharmaceuticals, and prospecting (Allebon-Web et al. 2013, 42).

Costa Rica's rich biodiversity makes it an optimal place for eco-tourism. In fact, Costa Rica is home to 5% of the world's biodiversity despite occupying only 0.0035% of the earth's surface (Honey 2008, 160). Tourists are attracted to Costa Rica's volcanoes, waterfalls, hiking trails, beaches, and many different kinds of animals. In addition, Costa Rica is seen as a generally safe country for tourists. Costa Rica also has a comprehensive legal framework for environmental protection. For these reasons, Costa Rica is seen as the "poster child" for effective environmental infrastructure, with strong economic incentives to keep it going (Honey 2008, 160-61).

In order to understand the level of importance the environment plays in Costa Rica, it is important to understand it was not always that way. Until the 1980s, Costa Rica had one of the highest deforestation rates in the world. Today, 20% of Costa Rican land is protected, with 12% of the protected land being national parks (Allebon-Web et al. 2013, 42-3). The country has even set a goal to become the first carbon neutral country by 2021 (Ortiz, 2014). The change in

environmental importance was solidified by the election of president Jose Maria Figueres, several pieces of legislation in the 1990s, domestic changes in Costa Rican economy, and a key change in public opinion about the importance of the environment.

In the 1960s and 1970s, tourist attractions were primarily utilized by the Costa Rican upper and middle classes. Tourism was also somewhat popular among other Latin Americans, but less popular among Europeans and North Americans. In the 1980s, the Costa Rican government passed legislation to provide incentives for the tourism industry. Specifically, the Tourism Development Incentives law of 1985 gave tax breaks to tourist industries, with the stipulation that facilities have more than 20 rooms and conform to a strict set of standards, which prevented many local people from earning incentives. Also in the 1980s, Costa Rica saw an increase in foreign investment, particularly from the U.S. Most of the investment came with the stipulation that Costa Rica would support the U.S. in their involvement of the war against the Sandinistas in Nicaragua. This time also saw an increase in North American and European tourism to Costa Rica (Honey 2008, 162-63). However, ecotourism was rare because the national parks systems faced cuts due to pressure from the International Monetary Fund, World Bank, and the United States Agency for International Development (Honey 2008, 171).

In 1994, Costa Rica amended its constitution to include certain environmental guarantees and emphasize the importance of the environment. Costa Rica was the first country of its time to include environmental guarantees in its constitution. Article 50 of the Costa Rican constitution states, “All citizens have the right to a healthy and ecologically balanced environment,” and that, “The state will guarantee, will defend and will preserve this right” (Constitution of the Republic of Costa Rica 1965). Though broad, this amendment is significant because it assumes no infractions of environmental rights. This article has also served as the backbone of most

environmental law passed later (Global Environmental Facility Evaluation Office 2007). The approval of this article signified a change in national priorities.

Other important laws were also passed in the 1990s following the constitutional amendment. The most important were *Ley General de Salud* (1996), *Ley de Biodiversidad* (1998), and *Ley Forestal* (1996). The *Ley General de Salud* was originally passed in 1973 but was reformed in 1996 to define water as a public good and prohibits actions that would contaminate watersheds. The *Ley de Biodiversidad* expresses four principles, including “1) Respect for life in all of its forms, 2) The elements of biodiversity are meritorious goods, 3) Respect for cultural diversity, and 4) Intra- and Intergenerational equity.” The fourth principle is considered especially groundbreaking for including the right of future generations to enjoy the environment (Schlotterbeck 2015, 2).

One of the more interesting laws passed in the 1990s was the *Ley Forestal* (1996). This law divided the country into forest regions for protection and management. It also established a Payment for Environmental Services Programme (PESP). Under this, landowners are compensated for conservation efforts on their lands. The PESP is paid for by a 3.5% tax on fossil fuel sales in the country. The justification for this law, according to its text, is based on four services forest ecosystems provide, the fourth being “the provision of scenic beauty for recreation and ecotourism.” Costa Rica is considered a pioneer in such Environmental Services programmes. In addition, many have praised Costa Rica for financing the PESP from a fossil fuel tax. The Washington Report on the Hemisphere, a leftist Washington D.C. based nongovernmental organization, says this financing “underscores the notion that the Costa Rican government strongly believes that the conservation of the environment should take precedent over economic gain” (Schlotterbeck 2015, 2).

The passage of the *Ley Forestal* and the PESP are also telling of the state of domestic affairs in Costa Rica at the time. Three main categories of interest groups were involved in the passage of the PES programme. First, there were forestry sector groups, representing large-scale forestry companies as well as small-scale farmers. Second were conservationists, represented mainly by the Costa Rican Federation of Conservationists (FECON). Third were agricultural sector groups, with certain groups like National Chamber of Agriculture (CNA), some inter-professional bodies like Agro-industrial Sugarcane League, and some small and medium scale farmers. The agricultural sector was poorly organized, in part because of different interests of large and small-scale farmers and also because the agricultural community was weakened by factors like falling meat and coffee prices, institutional crisis, and less public support (Le Coq et al. 2015).

The election of President José Maria Figueres in 1994 was also important in the development of ecotourism in Costa Rica. Figueres, who is currently working with a think-tank that encourages businesses to reduce carbon emissions, campaigned on environmental promises and also advocated for ecotourism investments (Vidal 2012). No longer under the intensive influence of the United States after the Cold War, Costa Rica had to look at how it would fit in to the international economy. Figueres stacked his staff with people like Stefan Schmidheiny, a Swiss industrialist who set up the World Business Council for Sustainable Development. Figueres sought to take advantage of Costa Rica's rich environment. Figueres engaged in a publicity campaign to attract U.S. and Canadian "eco-travellers." However, he has been criticized for allowing the construction at Papagayo, a \$3 billion mega resort project that has been called the "antithesis" of sustainable development (Honey, 2008, 165).

Costa Rican public opinion was also important in the changes in Costa Rican environmental policy. Research done in 2013 shows a large portion (91.6%) of Costa Ricans polled accepted humans are “strongly involved” in causing climate change, specifically deforestation. This popular opinion probably has been reinforced with national discourse starting in the 1990s (Vignola 2012, 310). Also 85% of Costa Ricans polled reported being concerned or very concerned about climate change, a sharp contrast to the United States, whose highest reported level of concern for climate change was 41% in 2007 (Vignola 2012, 313). A majority of Costa Ricans also believed the Costa Rican government is responsible for action against climate change (Vignola 2012, 315). Obviously high levels of support continue to make environmental concerns an important issue to Costa Rican politicians regardless of party affiliation.

The emphasis on eco-tourism in the 1990s drew in many investors seeking to use the eco-tourism label to gain a profit. For example, in 1995 an Iranian firm announced plans to create a luxurious, eco-conscious resort in Costa Rica. When found the ecological claims were false, it provoked outrage. Subsequently, the resort stopped the development of the project and also led the government to make that part of the beach a national park, protecting the endangered sea turtles that lived there (Honey, 2008, 166). Such “greenwashing” scandals like this one are still a major problem in Costa Rica’s tourism industry, but the national outrage they provoke demonstrates the power of the public in ensuring eco-tourist attractions stay honest to their claims.

The resort hotel Punta Islita is considered a model eco-tourism business. Research by the *International Journal of Tourism Research* found Punta Islita had a generally positive effect on the environment and local communities (Almeyda et al. 2010). This effect is because the hotel’s

owner, Harry Zurcher, created a foundation to develop the community around Punta Islita. This foundation helped start three artisan workshops, generating employment for locals. In addition, Punta Islita hires 85% of its staff locally and even trains its staff on the protection of sea turtles (Honey 2008, 168-69). The success of this resort in benefiting the environment and local community, as well as being an extremely popular tourist destination, has made Punta Islita the subject much recent research relating to effective ecotourism.

After establishing a summary of how eco-tourism came to be in Costa Rica, this paper will now begin to take a closer look at the eco-tourism industry. Costa Rica's eco-tourism industry is complex, involving many actors and affecting each actor differently. To analyze Costa Rica's eco-tourism, the rest of this paper will analyze the actors involved in eco-tourism. These actors include trans-national corporations (TNC's), the local population, women, indigenous peoples, and the Costa Rican government.

The rise of eco-tourism in Costa Rica represented both a weakness of certain transnational companies (TNCs) and new opportunities for others. The establishment of the PESP program demonstrated the weakened state of transnational agriculture organizations at the time (Le Coq et al. 2015). After the consolidation of environmental infrastructure, TNCs who sought to exploit the environment faced heavy opposition. This was the case in which the Iranian firm mentioned above attempted to build a resort that would have harmed the environment and provoked enough outrage to stop development (Honey 2008, 166). Though cases like this are not necessarily common, they represent a powerful eco-conscious population in Costa Rica capable of resisting TNCs.

However, eco-tourism also provided a market in which transnational tourism companies could profit. Horton, a researcher on the topic, categorizes these eco-tourism endeavors by TNCs

as the “first tier” of Costa Rican ecotourism because they have the opportunity for the most profit (Horton 2009, 97). Many foreign owned hotels make limited claims of “environmental friendliness,” but said claims do little to guarantee certain environmental guidelines (Honey 2008, 166). In addition, when Costa Rica was first trying to attract investors in eco-tourism, President Figueres went against his rhetoric by allowing the TNCs to construct resorts in Papagayo. Papagayo’s Four Season’s hotel program has earned the “green” certification under the Costa Rican program. The Papagayo Peninsula’s website boasts “an unspoiled world,” and Costa Rica’s environmental sensitivity (“Peninsula Papagayo”). The tax incentive to touristic companies has also captured TNCs disproportionately, which reflects deepening neoliberal connections (Horton 2009, 162-163).

TNCs benefit from the increasing popularity of all-inclusive resorts in Costa Rica, attracting mostly foreign tourists from the U.S. and Canada. These kinds of resorts can be harmful to Costa Ricans because locals receive very little benefit. Tourists do not normally buy anything from the locals because their resort is all-inclusive. A similar problem exists for coastal resorts in Guanacaste. A report in the *Journal of Global Ethics* showed an example of a resort that actively discouraged tourists from buying anything from the locals on a sign visible to tourists as they were leaving the beach (Braun et al. 2015).

Eco-tourism also largely affects the local population. The shift away from logging and farming did put many loggers and farmers out of work, but most of those loggers and farmers worked for large, often foreign owned companies. The nature of this shift contradicts the critique of those opposed to eco-tourism who say eco-tourism is detrimental to locally owned business and industries. However, the argument that eco-tourism opened up new opportunities for the local population is not necessarily correct either. The general consensus is eco-tourism has not

changed patterns of business and business ownership but instead shifted them. Instead of working for large agricultural or logging industries, these workers began to work for large ecotourism industries (Horton 100-101).

The rise of eco-tourism did seem to provide some opportunities to profit for those already relatively wealthy. Many of these people opened up smaller hotels and *cabinas* that attract more budget travellers than the large, foreign owned companies. Horton categorizes this opportunity as the “second tier” of Costa Rican tourism. These smaller eco-tourist attractions can do well in some cases. In addition, some local people manage to open up small shops and restaurants that benefit from eco-tourists in their country. One disadvantage to local ownership, however, is these shops often do not receive sustainable business during the low season (Horton 2009, 97).

Eco-tourism has affected Costa Rican women as well. The role of women has traditionally been limited, especially in business. However, with eco-tourism many women have opened and maintained their own restaurants, shops, and *cabinas*. Though this may be because the jobs of cleaning, cooking, and hosting guests is typically seen as a “woman’s job,” this shift has nonetheless given women more opportunities. However, women’s jobs tend to be limited to the above mentioned, and more “specialist” kinds of jobs like nature guides and scuba diving instructors are more likely to be held by men. These positions are usually better paid than positions typically held by women (Horton 2009, 101).

Another group of locals participating in eco-tourism are categorized by Horton as the “third tier,” having the least opportunity for profit. These include occupations like cooks, maids, and handymen, who are often employed by TNCs. Many of these workers used to work for larger logging or agricultural companies, therefore emphasizing what Horton calls a “continuation” of unequal social and social power, with foreign owned tourism companies

replacing foreign owned logging companies, for example. This group of locals suffers most from patterns of tourism, as they often have to work long hours during high season and face layoffs during the low season (Horton 2009, 97). However, evidence shows inequality is increasing as Costa Rica continues to pursue neoliberal policies, as these policies often exclude the local population from high-end tourism (Braun et al. 2015).

The indigenous population of Costa Rica has endured significant hardships and has also been neglected in programs regarding the environment. Indigenous peoples make up about 2.4% of the population, many of whom currently live in government reserves (“The World Factbook: Costa Rica” 2016). The indigenous population only received the right to vote in 1994, and their land was not legally recognized until 1977. As with many indigenous tribes, Costa Rica’s indigenous peoples place great importance on the environment. An estimated 70% of their territory is forest, which represents 1/10 of Costa Rica’s national forest coverage. Therefore, it would stand to reason indigenous peoples would benefit greatly from efforts to conserve national forest, especially from policies like the Payment for Environmental Services Programme (PESP). However, until 2002 indigenous peoples received only two percent of the money budgeted for this program. This changed in 2002 as part of a “national recognition to support territories” (Coria and Calfucura 2012).

The effect of ecotourism on the indigenous community is somewhat disputed. Before the eco-tourism boom, indigenous peoples faced deforestation of their territories due to the country’s reliance on export-oriented agriculture (Ghimire and Pimbert 1997). The NGO Cultural Survival reported that women of the Bribri tribe have improved their economic standings and provided opportunities through the Stibrawpa Women’s House Association. This project founded by Bribri women gives tours to tourists and teaches them about Bribri culture (Fariña 2012). There

are doubts, however, about the sustainability of ecotourism to indigenous peoples, as they are typically the most marginalized and therefore very sensitive to changes in ecotourism demand (Coria and Calfucura 2012). Some indigenous people also have been reluctant to rely on tourism as it is risky and takes them away from their normal way of life (Ghimire and Pimbert 1997, 123).

The final actor to investigate ecotourism in Costa Rica is the Costa Rican government. President Figueres is often credited for starting Costa Rica down the path to a tourism-based economy (Honey 2008, 165). But more than that, the Costa Rican government has been supporting neoliberal strategies since the 1980s. From the 1960s to the 1980s, Costa Rica relied on an import substitution model of economic development, but the economic crisis forced Costa Rica to engage in a more neoliberal model. Costa Rica stopped its protectionist policy of agricultural goods in the 1990s (Hidalgo 2014). Agriculture was replaced with exports such as technology and tourism investments. In 1987, The United States Agency for International Development (USAID) financed a tourism incentives agreement with the Costa Rican Tourism Institute (ICT), and by 1993 tourism was the largest foreign export earner in Costa Rica, surpassing agricultural exports like coffee and bananas (Honey 2008, 163).

The biggest critiques of the Costa Rican government regarding eco-tourism are that it supports “green” in name only and that it favors large, often foreign owned corporations. These two points relate to each other, as large “eco-resorts” tend to be less environmentally friendly as a result of their size. Many examples exist of the Costa Rican government supporting large tourism ventures that harmed the environment, such as development at Papagayo, allowed by president Figueres, and Barceló, a Spanish owned hotel build at Playa Tambor on the Pacific Coast, which had apparently ignored coastal regulations and burned homes of residents who

refused to be bought out. However, the government maintained that Hotel Tambor was in compliance (Honey 2008, 165-166). Examples like these highlight that the government has often supported eco-tourism in rhetoric, but not always in practice.

Eco-tourism, an industry seen as a win-win for developing nations, is a more complicated endeavor than the governments and NGOs who vocally support it admit. Costa Rica, seen as eco-tourism's "poster child," still has many problems when examined closely (Honey 2008, 160). One of the most beneficial aspects about ecotourism is a general consensus it conserves the environment, or at least that it is more beneficial to the environment than the kind of activities commonplace before the rise of eco-tourism, like farming and logging. However eco-tourism affects each population in Costa Rica differently. Especially considering the fact that Costa Rica is getting richer but not really improving inequality (Hidalgo 2014), one has to wonder if eco-tourism is a policy worth perusing.

Though eco-tourism is not unique to Costa Rica, no nation's eco-tourism is as discussed as Costa Rica's. This status makes Costa Rica the subject of a great deal of research on the matter. This research varies in whether or not it takes a positive view of eco-tourism depending on which group or issue it focuses on. Therefore, there is no single consensus on the success of Costa Rica's eco-tourism. Certainly in reviewing the different actors in eco-tourism, it becomes clear there are ways to change Costa Rica's eco-tourism so its own citizens enjoy more of the benefits.

The political significance of eco-tourism in Costa Rica is its representation of both innovative environmental protections and neoliberal policy. The first is represented by the constitutional amendment that served as a backbone for new environmental policy, and especially the Payment for Environmental Services programme, which inspired similar

legislation around the world (Le Coq et al. 2015). Costa Rica has taken other bold steps, like protecting 20% of the land and setting a goal to be the first carbon neutral country by 2021. Such comprehensive environmental policy is rare even in the most developed countries and almost unheard of in developing ones. Other countries can and have looked to Costa Rica in developing their own environmental policy.

Eco-tourism in Costa Rica is also significant because it shows an extension of neoliberal policies in a new era of economic policy. Continuing as an export based economy, Costa Rica changed from exporting agricultural goods to more high tech goods like computers (Hidalgo 2014), while also emphasizing investment opportunities in tourism. Costa Rica has positioned itself as a great investment opportunity for foreign investment, particularly in eco-tourism. This opportunity is encouraged by Costa Rica's participation in USAID and IMF projects. Though this emphasis grew the Costa Rican economy, locals do not always see the benefits. Governmental policies favoring large, foreign owned companies make eco-tourism less accessible to the citizens of more modest means.

Costa Rica's beautiful forests, volcanoes, wildlife, and beaches make it a choice destination for millions of nature-lovers. The emphasis on eco-tourism therefore appears to be a great way for Costa Ricans to preserve their environment and participate in the global economy. Costa Rica has seen some important benefits from their emphasis on eco-tourism, but a closer look reveals eco-tourism does not always benefit the people who need it most. Instead of viewing Costa Rica as eco-tourism's "poster child," perhaps it would be most beneficial to view it as a work in progress. The *pura vida* is undoubtedly ecologically rich, but policy will need to change for more to partake in the wealth it generates.

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